

Message Text

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ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 INT-05 FEA-01 NSC-05

SS-15 STR-04 CEA-01 /086 W
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R 021605Z APR 75

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 1945

INFO AMEMBASSY PARIS

AMEMBASSY BRUSSELS

AMEMBASSY BONN

C O N F I D E N T I A L KINSHASA 2726

PASS EXIM

E.O. 11652: GDS

TAGS: EFIN CG FR

SUBJECT: FRANCE AND ZAIRIAN FINANCIAL SITUATION

1. FRENCH AMBASSADOR ROSS, WHO HAS JUST SPENT FIVE DAYS CONSULTING IN PARIS, TELLS ME IT IS HIS "PERSONAL IMPRESSION" THAT FRANCE PREPARED TO EXTEND SHORT-RUN FINANCIAL ASSISTANCE TO ZAIRE. HE SAID FRANKLY HE HAD BEEN SURPRISED TO FIND HIGH DEGREE OF POLITICAL RECEPTIVITY FOR ZAIRIAN PROBLEMS. INSISTING THERE NO GOVERNMENT POSITION AND REPEATEDLY TALKING OF HIS "PERSONAL IMPRESSIONS," HE SAID GOF ATTACHED GREAT IMPORTANCE TO RELATIONS WITH MOBUTU, TO HELPING MAINTAIN POLITICAL STABILITY HERE, AND HAVING CONCLUDED THAT MEDIUM AND LONG-TERM ECONOMIC OUTLOOK WAS GOOD, WOULD BE LIKELY TO RECEIVE FAVORABLY GOZ REQUEST FOR HELP. IT WAS HIS "PERSONAL IMPRESSION" THAT FINANCE MINISTER BOFOSSA WOULD VISIT PARIS SHORTLY. IDEA WAS TO "PREFINANCE FUTURE COPPER PURCHASES." FRANCE TOOK HALF OF ZAIRE'S COPPER AND IT ONLY
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REASONABLE TO LEND NOW WHEN ZAIRE NEEDED MONEY.

2. WHEN I ASKED IF SHORT-TERM HELP WOULD BE IN HUNDREDS OF MILLIONS OF DOLLARS, REPLY WAS THAT NO REQUEST YET RECEIVED BUT CERTAINLY AMOUNT WOULD NOT BE ANYWHERE NEAR THAT LARGE. I THEN SAID ROSS SHOULD KNOW THAT PROPOSED ARRANGEMENT WAS PROBABLY CONTRARY TO CLAUSES IN WORLD BANK LOAN TO GECAMINES AND IN EXIM BANK LOAN AGREEMENTS WITH GOZ. I TRUSTED FRENCH GOVERNMENT WOULD INQUIRE OF GOZ IF THEY HAD WAIVER PERMITTING SUCH OPERATION. ROSS BLINKED AND THEN ARGUED THAT SINCE PREFINANCING WOULD REDUCE ZAIRIAN FINANCIAL NEEDS FROM FUND AND US GOVERNMENT, WE SHOULD HAVE NO PROBLEM. I SAID THAT MIGHT BE BUT THAT AS I UNDERSTOOD HIS "PERSONAL IMPRESSION" POSSIBLE LOAN COULD UNDERCUT OTHER LENDERS SECURITY SINCE COPPER IN OUR VIEW WAS ALREADY MORTGAGED. HE PURPORTED NOT GRASP POINT.

3. IN COURSE DISCUSSION ROSS SAID GOZ HAD ORIGINALLY MADE PROPOSAL TO LIBYANS WHO HAD NOT BEEN INTERESTED. HE ALSO SUGGESTED THERE MIGHT BE FRG INTEREST IN PROVIDING SHORT-TERM FINANCIAL SUPPORT HERE.

4. COMMENT: NEWS IS INTERESTING TO SAY THE LEAST, BUT I STILL BELIEVE \$250 MILLION LOAN UNDER NEGOTIATION IS WITH OIL PRODUCER. HOWEVER ROSS' CITING COPPER AS SECURITY, MENTION OF GOZ PROPOSAL TO LIBYANS, AND REPORT I HAVE JUST HEARD THAT MOBUTU'S "FINANCIAL ADVISER "FRANK WEIMAR TOLD BRITISH BUSINESSMAN SEVERAL WEEKS AGO THAT ZAIRIAN PROBLEMS WOULD BE RESOLVED BY SELLING COPPER FORWARD, ALL ADD TO SLOWLY EMERGING PATTERN.

5. I'AM TRYING TO REACH BISENGIMANA BUT AS HE LEAVING TODAY FOR MADRID I DOUBT THAT I'LL GET TO HIM, AND DOUBT EVEN MORE THAT IT WOULD MAKE ANY DIFFERENCE TO GOZ IF I DID, EXCEPT THAT MOBUTU WOULD INTERPRET MY WARNING RE COPPER AS FURTHER PROOF US LACK POLITICAL UNDERSTANDING HIS PROBLEMS. IN ANY CASE, BISENGIMANA KNOWS OUR VIEW SINCE I DISCUSSED ISSUE WITH HIM LAST JANUARY 9 AND SENT HIM ADDITIONAL COPY OF EXIM'S LETTER OF AUGUST 22, CONFIDENTIAL

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1974. SUGGEST DEPT OR TREASURY DISCUSS WITH IBRD OUR "SUSPICIONS" AND ASK THEM TO INSTRUCT GUETTA TO RAISE MATTER.
HINTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL CRISIS, ECONOMIC ASSISTANCE, FOREIGN RELATIONS, POLITICAL STABILITY, PERSONAL OPINION
Control Number: n/a
Copy: SINGLE
Draft Date: 02 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MartinML
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KINSHA02726
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750116-0043
From: KINSHASA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750491/aaaadfiz.tel
Line Count: 111
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 17 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 APR 2003 by BoyleJA>; APPROVED <17 SEP 2003 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FRANCE AND ZAIRIAN FINANCIAL SITUATION
TAGS: EFIN, CG, FR, (ROSS)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006